



KOALA Financial Group Limited

樹熊金融集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8226)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This announcement, for which the directors (the “**Directors**”) of KOALA Financial Group Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading and deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

The board of directors (the “**Board**”) of the Company announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2022, together with the comparative figures as follows:

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Unaudited)

For the six months ended 30 June 2022

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Revenue		6,666	4,863	12,985	9,307
Cost of services		(844)	(276)	(1,169)	(773)
Gross profit		5,822	4,587	11,816	8,534
Realised (loss)/gain on sale of listed securities		(1,027)	8,681	(1,378)	11,270
Unrealised gain/(loss) on listed securities		17,794	81,924	(29,918)	84,125
Other income, gains and losses		152	65	86	75
Selling and distribution expenses		–	–	–	(450)
Administrative expenses		(3,621)	(3,046)	(6,614)	(7,006)
Finance costs	4	(13)	(227)	(121)	(494)
Profit/(loss) before tax	5	19,107	91,984	(26,129)	96,054
Income tax (expense)/credit	6	(3,201)	(15,012)	4,088	(15,686)
Profit/(loss) and total comprehensive income/(expense) for the period		<u>15,906</u>	<u>76,972</u>	<u>(22,041)</u>	<u>80,368</u>
Profit/(loss) and total comprehensive income/(expense) for the period attributable to:					
Owners of the Company		15,378	76,579	(23,120)	80,141
Non-controlling interests		528	393	1,079	227
		<u>15,906</u>	<u>76,972</u>	<u>(22,041)</u>	<u>80,368</u>
		2022	2021	2022	2021
		HK cents	HK cents	HK cents	HK cents
Earnings/(loss) per share					
– Basic and diluted	7	<u>11.05</u>	55.03	<u>(16.61)</u>	57.59

Condensed Consolidated Statement of Financial Position (Unaudited)

As at 30 June 2022

		As at	
		30 June	31 December
		2022	2021
	Notes	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment		887	1,072
Right-of-use assets		1,539	2,692
Investment properties		18,500	18,500
Loans and interests receivable		6,711	7,513
Goodwill		18,302	18,302
Other intangible assets		20,000	20,000
		<u>65,939</u>	<u>68,079</u>
Current assets			
Loans and interests receivable		13,502	24,886
Accounts receivable	9	86,913	81,122
Prepayments and deposits paid		3,940	3,882
Financial assets at fair value through profit or loss		96,867	126,369
Bank balances – trust accounts		62,781	64,477
Bank balances and cash – general accounts and cash		131,895	123,471
		<u>395,898</u>	<u>424,207</u>
Current liabilities			
Accounts payable	10	79,322	73,962
Other payables and accruals		878	10,530
Rental deposits received		104	104
Lease liabilities		1,406	2,384
Other borrowing		10,000	10,000
Corporate bonds payable		10,000	9,910
Income tax payable		6,954	5,268
		<u>108,664</u>	<u>112,158</u>
Net current assets		<u>287,234</u>	<u>312,049</u>
Total assets less current liabilities		<u>353,173</u>	<u>380,128</u>

		As at	
		30 June	31 December
		2022	2021
	<i>Notes</i>	HK\$'000	HK\$'000
Non-current liabilities			
Lease liabilities		–	202
Deferred tax liabilities		11,753	16,465
		<u>11,753</u>	<u>16,465</u>
		<u>11,753</u>	<u>16,667</u>
Net assets		341,420	363,461
		<u>341,420</u>	<u>363,461</u>
Capital and reserves			
Share capital	<i>11</i>	27,833	27,833
Reserves		302,095	325,215
		<u>302,095</u>	<u>325,215</u>
Equity attributable to owners of the Company		329,928	353,048
Non-controlling interests		11,492	10,413
		<u>11,492</u>	<u>10,413</u>
Total equity		341,420	363,461
		<u>341,420</u>	<u>363,461</u>

Condensed Consolidated Statement of Changes in Equity (Unaudited)

For the six months ended 30 June 2022

	Attributable to owners of the Company			Total	Non-controlling interests	Total equity
	Share capital	Share premium account	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2021	27,833	653,399	(417,383)	263,849	8,779	272,628
Total comprehensive income for the period	–	–	80,141	80,141	227	80,368
Acquisition of non-controlling interest (<i>note</i>)	–	–	(2,490)	(2,490)	2,044	(446)
At 30 June 2021	<u>27,833</u>	<u>653,399</u>	<u>(339,732)</u>	<u>341,500</u>	<u>11,050</u>	<u>352,550</u>
At 1 January 2022	27,833	653,399	(328,184)	353,048	10,413	363,461
Total comprehensive income for the period	–	–	(23,120)	(23,120)	1,079	(22,041)
At 30 June 2022	<u>27,833</u>	<u>653,399</u>	<u>(351,304)</u>	<u>329,928</u>	<u>11,492</u>	<u>341,420</u>

Note:

On 18 March 2021, the minority shareholder disposed of its entire equity interest of 49% in KOALA Capital Management Limited to the Group for a cash consideration of HK\$200,000 and ceased to be a related party of the Group since then.

Condensed Consolidated Statement of Cash Flows (Unaudited)

For the six months ended 30 June 2022

	For the six months ended 30 June	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Net cash generated from operating activities	9,660	33,302
Net cash generated from investing activities	11	10
Net cash used in financing activities	<u>(1,247)</u>	<u>(12,321)</u>
Net increase in cash and cash equivalents	8,424	20,991
Cash and cash equivalents at beginning of the period	<u>123,471</u>	<u>126,065</u>
Cash and cash equivalents at end of the period	<u><u>131,895</u></u>	<u><u>147,056</u></u>
Analysis of cash and cash equivalents at end of the period:		
Bank balances and cash – general accounts and cash	<u><u>131,895</u></u>	<u><u>147,056</u></u>

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

1. GENERAL

The Company is a limited liability company incorporated in the Cayman Islands, and the issued shares of the Company are listed on GEM of the Stock Exchange.

The Company is principally engaged in investment holding. The principal activities of the Company's principal subsidiaries are set out as follow:

- Securities investments
- Provision of securities placing, underwriting and brokerage services, and margin financing
- Leasing of investment properties
- Money lending business

The consolidated financial statements are presented in Hong Kong dollar (“HK\$”), which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. In addition, the condensed consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in the exchange for goods and services.

The accounting policies and method of computation used in preparing the financial statements are consistent with those used in the audited financial statements for the year ended 31 December 2021.

The Group has adopted certain new/revised Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (hereinafter collectively referred to as the “HKFRSs”) that are effective for the current accounting period. The adoption of the new/revised HKFRSs has no material impact on the Group's financial statements.

The Group has not early adopted the new/revised HKFRSs, that have been issued but are yet effective, and are potentially relevant to the Group's financial statements.

The condensed financial statements are unaudited but have been reviewed by the audit committee of the Company.

3. OPERATING SEGMENT INFORMATION

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that bank interest income, finance costs, as well as other head office and corporate expenses are excluded from such measurement.

Segment assets exclude unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Segment revenue and results

	Segment revenue		Segment profit/(loss)	
	For the six months ended 30 June		For the six months ended 30 June	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Securities investments	–	–	(31,296)	95,395
Provision of securities placing, underwriting and brokerage services, and margin financing	11,005	5,393	9,812	4,620
Leasing of investment properties	252	309	224	286
Money lending business	1,728	3,605	1,372	3,279
	<u>12,985</u>	<u>9,307</u>	<u>(19,888)</u>	<u>103,580</u>

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current period (2021: Nil).

	For the six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Segment (loss)/profit reported above	(19,888)	103,580
Interest income from bank deposits	11	10
Corporate and other unallocated expenses – net	(6,131)	(7,042)
Finance costs	(121)	(494)
(Loss)/profit before tax	(26,129)	96,054
Income tax credit/(expense)	4,088	(15,686)
(Loss)/profit for the period	<u>(22,041)</u>	<u>80,368</u>

Segment assets and liabilities

	As at	
	30 June 2022 <i>HK\$'000</i>	31 December 2021 <i>HK\$'000</i>
Segment assets		
Securities investments	96,867	126,369
Provision of securities placing, underwriting and brokerage services, and margin financing	255,286	230,108
Leasing of investment properties	18,602	18,606
Money lending business	45,892	58,283
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Total segment assets	416,647	433,366
Corporate and other unallocated assets	45,190	58,920
	<hr/>	<hr/>
Total assets	461,837	492,286
	<hr/> <hr/>	<hr/> <hr/>

	As at	
	30 June 2022 <i>HK\$'000</i>	31 December 2021 <i>HK\$'000</i>
Segment liabilities		
Provision of securities placing, underwriting and brokerage services, and margin financing	79,435	77,250
Leasing of investment properties	104	104
	<hr/>	<hr/>
Total segment liabilities	79,539	77,354
Corporate and other unallocated liabilities	40,878	51,471
	<hr/>	<hr/>
Total liabilities	120,417	128,825
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4. FINANCE COSTS

	For the three months ended 30 June		For the six months ended 30 June	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on:				
– Corporate bonds payable	–	196	90	389
– Lease liabilities	13	31	31	66
– Other borrowing	–	–	–	39
	<u>13</u>	<u>227</u>	<u>121</u>	<u>494</u>

5. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging:

	For the three months ended 30 June		For the six months ended 30 June	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation of property, plant and equipment	92	313	185	629
Depreciation of right-of-use assets	679	673	1,355	1,354
	<u>771</u>	<u>986</u>	<u>1,540</u>	<u>1,983</u>

6. INCOME TAX (EXPENSE)/CREDIT

	For the three months ended 30 June		For the six months ended 30 June	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong				
– Current tax charge	(217)	(1,494)	(625)	(1,805)
– Deferred tax (charge)/credit	(2,984)	(13,518)	4,713	(13,881)
	<u>(3,201)</u>	<u>(15,012)</u>	<u>4,088</u>	<u>(15,686)</u>

Under the two-tiered profits tax rates regime, the first HK\$2 million of the assessable profits of qualifying group entity are taxed at 8.25%, and assessable profits above HK\$2 million are taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the rate of 16.5%.

For the six months ended 30 June 2021 and 30 June 2022, Hong Kong profits tax is calculated in accordance with the two-tiered profits tax rates regime.

7. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share attributable to the owners of the Company is as follows:

	For the three months ended 30 June		For the six months ended 30 June	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Earnings/(loss)				
Earnings/(loss) for the purposes of basic and diluted earnings/(loss) per share	<u>15,378</u>	<u>76,579</u>	<u>(23,120)</u>	<u>80,141</u>
	<i>Number of shares '000</i>	<i>Number of shares '000</i>	<i>Number of shares '000</i>	<i>Number of shares '000</i>
Number of shares				
Weighted average number of ordinary shares for the purposes of basic and diluted earnings/(loss) per share	<u>139,168</u>	<u>139,168</u>	<u>139,168</u>	<u>139,168</u>

The number of ordinary shares for the purpose of basic earnings/(loss) per share has been adjusted to take into account the share consolidation which took place on 18 March 2021.

Diluted earnings/(loss) per share

Diluted earnings/(loss) per share for both of the six months ended 30 June 2021 and 30 June 2022 are the same as basic earnings/(loss) per share as there were no potential ordinary shares in issue during the periods 2021 and 2022.

8. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2022 (2021: Nil).

9. ACCOUNTS RECEIVABLE

	As at	
	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Accounts receivable from		
– clearing house, brokers and cash clients	21,620	21,320
– margin clients	65,293	57,735
	<u>86,913</u>	<u>79,055</u>
Other accounts receivable	–	2,067
	<u>86,913</u>	<u>81,122</u>

Accounts receivable from the business of securities brokerage

Clearing house, brokers and cash clients

The settlement terms of accounts receivable from clearing house, brokers and cash clients are two days after trade date. No ageing analysis of the accounts receivable from clearing house, brokers and cash clients is disclosed as management of the Group is of the view that the ageing analysis does not give additional value in view of the nature of this business.

Margin clients

Margin clients receivable are secured by clients' pledged securities at fair value of approximately HK\$308,245,000 (31 December 2021: HK\$334,905,000). The amounts are repayable on demand and carrying interest from 6% to 16% per annum.

Other accounts receivable

The following is an ageing analysis of other accounts receivable based on the invoice date, at the end of the reporting period:

	As at	
	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Within 30 days	–	2,067

10. ACCOUNTS PAYABLE

	As at	
	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Accounts payable from clearing house, brokers and cash clients	<u>79,322</u>	<u>73,962</u>

The settlement terms of accounts payable from clearing house, brokers and cash clients, which arose from the business of securities brokerage are two days after trade date. No ageing analysis of these accounts payable is disclosed as management of the Group is of the view that the ageing analysis does not give additional value in view of the nature of this business.

11. SHARE CAPITAL

	Number of ordinary shares '000	Amount HK\$'000
Authorised:		
At 1 January 2021		
– Ordinary shares of HK\$0.01 each	20,000,000	200,000
Share consolidation (<i>note</i>)	<u>(19,000,000)</u>	<u>–</u>
At 30 June 2021, 31 December 2021 and 30 June 2022		
– Ordinary shares of HK\$0.2 each	<u>1,000,000</u>	<u>200,000</u>
Issued and fully paid:		
At 1 January 2021		
– Ordinary shares of HK\$0.01 each	2,783,260	27,833
Share consolidation (<i>note</i>)	<u>(2,644,092)</u>	<u>–</u>
At 30 June 2021, 31 December 2021 and 30 June 2022		
– Ordinary shares of HK\$0.2 each	<u>139,168</u>	<u>27,833</u>

Note:

Pursuant to an ordinary resolution passed in the extraordinary general meeting of the Company on 18 March 2021, every twenty issued and unissued shares of the Company of HK\$0.01 each were consolidated into one consolidated share of the Company of HK\$0.2 each with effective on 22 March 2021.

12. CAPITAL COMMITMENTS

As at 31 December 2021 and 30 June 2022, the Group did not have any significant capital commitments.

13. RELATED PARTY TRANSACTIONS

For the six months ended 30 June 2022, the Group did not have any transactions with related parties.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the period, the Group's businesses were organised in four operation's segments namely (i) Securities Brokerage Business; (ii) Money Lending Business; (iii) Securities Investment Business and (iv) Properties Investment Business.

Securities Brokerage Business

The Group carries out the securities brokerage business through its subsidiary, namely KOALA Securities Limited (樹熊證券有限公司) (“**KOALA Securities**”), which is to conduct Type 1 (Dealing in Securities) and Type 4 (Advising on Securities) regulated activities under the Securities and Futures Ordinance (“**SFO**”). KOALA Securities possesses the right to be eligible to trade on or through the Stock Exchange and is a participant of the Hong Kong Securities Clearing Company Limited.

Founded in 2015, KOALA Securities is a well-established integrated securities broker in the Hong Kong financial services industry. It primarily provides (i) brokerage services, (ii) margin and short-term IPO financing, and (iii) placing and underwriting services to its customers.

The revenue breakdown for the six months ended 30 June 2021 and 2022 are as follows:

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from brokerage services	1,510	1,410
Revenue from margin financing	4,366	2,421
Revenue from placing and underwriting	5,129	1,562
	11,005	5,393

With a view to further improving the revenue from the brokerage and margin financing services, during 2021, the Group has enlarged the capacity of the margin financing service by reserving more funds to customers who wish to purchase securities on a margin basis. The Board expects this segment will become one of the major growth drivers to the Group.

Revenue from this business segment during the period was approximately HK\$11.0 million, representing an increase of approximately HK\$5.6 million as compared to approximately HK\$5.4 million in the corresponding period of 2021. It accounted for approximately 84.8% (2021: 57.9%) of the Group's revenue during the period.

Money Lending Business

The Group carries out the money lending business through its wholly-owned subsidiary, namely Honest Smart Finance Limited (傑誠財務有限公司) (“**Honest Smart Finance**”). It is a money lender licenced in Hong Kong under the provisions of the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

In developing the money lending business, Honest Smart Finance provides various loan products to borrowers, which mainly include:

- (a) Personal loans, which are offered to individual customers to meet their personal financial needs; and
- (b) Corporate loans, which are offered to corporate customers to fulfill their short and long term capital needs.

Honest Smart Finance will only advance new loans to those borrowers whose have good financial credit rating and all overdue balances are reviewed regularly by its senior management.

The outbreak of the coronavirus had further worsened the economy, and heightened volatility and risks. Honest Smart Finance has adopted more cautious and prudent approach in the assessments and approval of new loans or renewal of existing loans in order to mitigate its credit risk.

During the period, the Group recorded loan interest income of approximately HK\$1.7 million (2021: HK\$3.6 million) from granting loans to both corporate and individual clients. It accounted for approximately 13.3% (2021: 38.7%) of the Group’s revenue during the period. The loans and interests receivable as at 30 June 2022 was HK\$20.2 million (31 December 2021: HK\$32.4 million).

Securities Investment Business

The Group commenced the securities investment business in the third quarter of 2015. The investment scope includes short-term investments in listed securities in Hong Kong and other recognised overseas securities markets as well as other related investment products offered by banks and financial institutions, with the goal to generate additional investment returns on available funds of the Company from time to time.

As at 30 June 2022, the Group managed a portfolio of listed equity investment with fair value of approximately HK\$96.9 million (31 December 2021: HK\$126.4 million) which are classified as held-for-trading investments. During the period, the Group recorded a loss on fair value change of listed equity investments of approximately HK\$29.9 million (2021: gain of approximately HK\$84.1 million) and a realised loss of approximately HK\$1.4 million (2021: gain of approximately HK\$11.3 million).

Details of the Group's held-for-trading investments are set out in the section headed "Significant Investments".

Properties Investment Business

In the third quarter of 2016, the Group had commenced its properties investment business and acquired certain commercial property in Hong Kong for investment purpose. The Group may lease out its investment properties for recurring rental income, which generates stable rental income to the Group.

In order to further expand the portfolio of investment properties of the Group, the Board is proactively identifying suitable commercial properties in Hong Kong, while it is also seeking the opportunities to expand the coverage to retail and industrial properties in Hong Kong, so as to diversify its investment properties portfolio.

During the period, the rental income was approximately HK\$0.3 million (2021: HK\$0.3 million). It accounted for approximately 1.9% (2021: 3.3%) of the Group's revenue during the period.

FINANCIAL REVIEW

For the six months ended 30 June 2022, the revenue of the Group increased to approximately HK\$13.0 million (2021: HK\$9.3 million), representing an increase of approximately 39.8% when compared with that of 2021. The reason for the increase in turnover was primarily attributable to the increase of segmental turnover from the securities brokerage business from approximately HK\$5.4 million for the last period to approximately HK\$11.0 million for this period.

For the six months ended 30 June 2022, the Group recorded a realised loss on sale of listed securities of approximately HK\$1.4 million as compared to the gain of approximately HK\$11.3 million for the same corresponding period in 2021.

For the six months ended 30 June 2022, the Group recorded an unrealised loss on listed securities of approximately HK\$29.9 million as compared to the gain of approximately HK\$84.1 million for the same corresponding period in 2021. The significant decrease was mainly caused by an unrealised loss from the investment in Hong Kong Aerospace Technology Group Limited (stock code: 1725) of approximately HK\$30.6 million. Provision for taxation of approximately HK\$5.0 million on such loss was reversed during the period.

Due to the above reasons, the Group recorded a net loss of approximately HK\$22.0 million for the six months ended 30 June 2022, representing a decrease as compared with a net profit of approximately HK\$80.4 million for the same period of 2021.

LOOKING AHEAD

Looking forward, the Board will continue to develop current businesses and at the same time proactively explore new business areas and seek suitable investment opportunities. Besides, the Group will continue to strictly control risks, strengthen internal management, integrate dominant resources and develop a cautious investment strategy in order to create a better return for its shareholders.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

For the six months ended 30 June 2022, the Group's major business operations took place in Hong Kong, financed mainly by the revenue generated from operating activities and corporate borrowings. As at 30 June 2022, the Group had cash and bank balances of approximately HK\$131.9 million (31 December 2021: HK\$123.5 million).

As at 30 June 2022, the Group's total indebtedness comprised of corporate bonds payable of approximately HK\$10.0 million (31 December 2021: HK\$9.9 million), other borrowing of HK\$10.0 million (31 December 2021: HK\$10.0 million) and lease liabilities of HK\$1.4 million (31 December 2021: HK\$2.6 million).

As at 30 June 2022, the Group's outstanding number of issued shares of HK\$0.2 each was 139,167,997 shares (31 December 2021: 139,167,997 shares).

The Group's gearing ratio, as a percentage of total indebtedness over total indebtedness and total equity, As at 30 June 2022 was 5.9% (31 December 2021: 5.2%).

USE OF PROCEEDS FROM THE OPEN OFFER

Reference is made to the announcement of the Company dated 23 December 2016 (the "**Announcement**") in relation to the issue by way of open offer on the basis of one (1) Offer Share for every two (2) Shares in issue (the "**Open Offer**"). Capitalised terms used herein shall have the same meanings as those defined in the Announcement unless the context otherwise requires.

The net proceeds from the Open Offer were approximately HK\$109.2 million (the "**Proceeds from Open Offer**"). The Company intended to use 1) approximately HK\$70.0 million for the development of securities business, 2) approximately HK\$20.0 million for the development of money lending business and 3) approximately HK\$19.2 million for general working capital of the Group and/or investment opportunities as may be identified from time to time.

The Directors confirm that there is no change in the use of the Proceeds from Open Offer and the actual use of the Proceeds from Open Offer have been applied as intended.

USE OF PROCEEDS FROM THE VERY SUBSTANTIAL DISPOSAL

Reference is made to the circular of the Company dated 31 May 2022 (the "**Circular**") in relation to the Disposal Mandate approved by the shareholders of the Company at the extraordinary general meeting (the "**EGM**") held on 17 June 2022, the Company was authorised to dispose of up to 3,215,000 Aerospace Technology Shares. Capitalised terms used herein shall have the same meanings as those defined in the Circular unless the context otherwise requires.

The Company intends to use the net proceeds from the Disposal(s) for development of the Group's existing businesses, in particular its securities brokerage business and money lending business.

After obtaining the approval of the Disposal Mandate on 17 June 2022 and up to 30 June 2022, the Group did not have any disposals of the relevant shares. As at 30 June 2022, the Group held 3,215,000 Aerospace Technology Shares.

The Directors confirm that there is no change in the use of the Proceeds from the Disposal(s) and the actual use of the Proceeds will be applied as intended.

MATERIAL ACQUISITIONS AND DISPOSALS

For the six months ended 30 June 2022, the Group did not have any material acquisitions or disposals which would be required to be disclosed under the GEM Listing Rules.

SIGNIFICANT INVESTMENTS

As at 30 June 2022, the Group held approximately HK\$96.9 million (31 December 2021: HK\$126.4 million) of equity investments which were classified as held for trading. Details of the significant investments are as follows:

	Place of incorporation	Number of shares held '000	Percentage of shares held %	Original cost HK\$'000	Market value HK\$'000	Approximate percentage to the total assets %	Fair value gain/(loss) for the period HK\$'000	Realised gain/(loss) for the period HK\$'000
Hong Kong Aerospace Technology Group Limited	Cayman Islands	3,215	1.0	4,311	57,291	12.4	(30,639)	-
Others	N/A	N/A	N/A	40,964	39,576	8.6	721	(1,378)
				<u>45,275</u>	<u>96,867</u>	<u>21.0</u>	<u>(29,918)</u>	<u>(1,378)</u>

Notes:

Aerospace Technology (formerly known as Eternity Technology Holdings Limited) (stock code: 1725) is principally engaged in electronics manufacturing services business and aerospace business. No dividend was received during the period. According to the latest published financial statements, it has recorded net loss amounted to approximately RMB53,075,000 when compared to profit for the year ended 31 December 2020 of HK\$17,323,000. The share price closed at HK\$17.82 as at 30 June 2022 (31 December 2021: HK\$27.35).

The Group has been investing in Aerospace Technology since May 2019. The price of the Aerospace Technology Share has increased substantially as compared with its original cost. Having regard to the current market conditions and the uncertainty in the future global economy with the continuing COVID-19 pandemic, the Board decided to restructure its investment portfolio to allow the Group to reallocate the available funds of the Company for other reinvestment opportunities when they arise and to solidify the financial and cash position of the Group.

According to the disposal mandate approved by the shareholders of the Company at the EGM held on 17 June 2022, the Company was authorised to disposal of up to 3,215,000 shares of Aerospace Technology for a period of 12 months after the conclusion of the EGM.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2022, the Group had about 19 (2021: 20) employees. The Group's staff costs, including directors' emoluments, employees' salaries and retirement benefits scheme contribution amounted to approximately HK\$2.7 million (2021: HK\$3.4 million).

The Group believes that its staff is one of the Group's most important assets. Aiming at providing competitive salary packages, the Group adjusts employees' salary level in close association with the performance, qualifications and experience of individual staff as well as labour market conditions. In addition to the regular remuneration, discretionary bonus and share options may be awarded to eligible employees with reference to individual performance and the Group's business performance. The Group is also committed to providing appropriate on-going training to staff members to equip them for future career development.

PLEDGE ON ASSETS

As at 31 December 2021 and 30 June 2022, the Group did not have any substantial pledge of assets.

CONTINGENT LIABILITIES

As at 31 December 2021 and 30 June 2022, the Group did not have any material contingent liabilities.

FOREIGN EXCHANGE EXPOSURE

During the period under review, the Group's transactions were mainly denominated in Hong Kong dollars. The Board do not consider that the Group was significantly exposed to any foreign currency exchange risk.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

None of the Directors nor chief executives of the Company had interests or short positions in any shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 30 June 2022.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2022, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO shows that the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company:

Long positions in ordinary shares and underlying shares of the Company

Name	Capacity	Number of Ordinary shares held	Number of underlying shares held	Total	Percentage of issued share capital of the Company
Ms. Wong Ka Man	Beneficial owner	26,533,363	–	26,533,363	19.07%

Save as disclosed above, the Company has not been notified of any other interests or short positions in the issued share capital of the Company as at 30 June 2022.

SHARE OPTIONS

The share option scheme effective on 8 July 2002 was terminated and a new share option scheme (the “**Existing Share Option Scheme**”) was adopted and became effective for a period of 10 years commencing from 15 June 2012. The Existing Share Option Scheme was expired on 15 June 2022. Upon the expiration of the Existing Share Option Scheme, no further options will be offered. The Group did not have any outstanding share options as at 31 December 2021 and 30 June 2022.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Saved as disclosed above, at no time during the period were the rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or chief executive of the Company or their respective spouse or children under 18 years of age, or were any such rights exercised by them or was the Company or its subsidiaries a party to any arrangement to enable the Directors to acquire such rights or benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS’ INTEREST IN COMPETING BUSINESS

None of the Directors or the management shareholders of the Company (as defined in the GEM Listing Rules) had an interest in a business, which competes or may compete with the business of the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the period.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding directors’ securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, the Directors have complied with such code of conduct and required standard of dealings and its code of conduct regarding security transactions by the Directors throughout the six months ended 30 June 2022.

CORPORATE GOVERNANCE PRACTICES AND PROCEDURES

The Company has complied with the code provisions of the Code on Corporate Governance Practices (the “**CG Code**”) set out in Appendix 15 of the GEM Listing Rules throughout the six months ended 30 June 2022.

CHANGE IN INFORMATION OF DIRECTORS

The Company is not aware of any other change in Directors’ information which are required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules subsequent to the date of the 2021 annual report.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the Code on Corporate Governance Practice as defined in the GEM Listing Rules for the purpose of reviewing and providing supervision over the Group’s financial reporting processes and internal controls. The audit committee comprises exclusively of independent non-executive Directors.

The Group’s unaudited results for the six months ended 30 June 2022 have been reviewed by the audit committee, which was of the opinion that such financial statements complied with the applicable accounting standards and that adequate disclosures have been made.

By Order of the Board
KOALA Financial Group Limited
Kwan Kar Ching
Chairlady

Hong Kong, 11 August 2022

As at the date of this announcement, the Board comprises five Directors namely Ms. Kwan Kar Ching and Ms. Hsin Yi-Chin, being the executive Directors and Mr. Hung Cho Sing, Mr. Luk Kin Ting and Mr. Ng Wah Leung, being the independent non-executive Directors.

This announcement will remain on the “Latest Listed Company Information” page of the HKEX website at “www.hkexnews.hk” for at least seven days from its date of posting and on the Company’s website at “www.koala8226.com.hk”.